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The WEEKLY REVIEW, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, the Office of Geographic and Cartographic Research, and the Directorate of Science and Technology.

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7 **Western Hemisphere**

Argentina

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Comments and queries on the contents of this publication are welcome. They may be directed to the editor of the Weekly Review,

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Organized labor, long a formidable political power in Argentina, is growing restive after six months of restrictive military government. Military leaders are divided on whether to crack down on or seek an accommodation with labor.

Argentina: Junta Relations with Labor

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After six months of tight wage limits and stringent political controls, Argentina's heavily politicized labor unions are becoming increasingly restive. Light and power workers have been striking in the nation's capital; earlier, thousands of disgruntled auto workers laid down their tools in a number of major plants. The highly organized workers are probably a more formidable potential opponent than even the leftist terrorists, and the recent strikes are the most serious challenge yet faced by the junta.

Worker dissatisfaction poses a vexing problem for the generals. The junta, which banned all strikes after it seized power last March, is loath to alienate labor irretrievably by using force against the workers. At the same time, it cannot afford to allow its decrees to be disobeyed with impunity. Thus far, the government has limited its response to arresting or ordering the dismissals of strike leaders.

Labor restiveness will complicate and add urgency to a divisive debate that has been going on for some time within the armed forces. The more vindictive officers argue for dismantling the labor movement, the biggest and best organized in Latin America. The more conciliatory—and this group includes President Videla—advocate some degree of accommodation relatively soon.

Policy Drift

The government has yet to decide what course to take. Last March, the junta placed federal administrators in key unions and in the Peronist labor confederation, and jailed or exiled the most corrupt unionists. At the same time, the junta launched a determined effort to reverse economic deterioration. The resulting austerity measures hit the workers harder than any other group.

The military probably doubted that the workers would remain intimidated indefinitely. Many officers, in fact, probably were surprised that workers waited as long as they did before protesting.

The search for a permanent labor policy is greatly complicated by the emotionalism that surrounds military-labor relations. Juan Peron, the man who gave labor its political awareness and made it a force to be reckoned with, was a military man, but he was ultimately deposed by the military. Workers to this day retain a strong loyalty to Peron and see the armed forces as unalterably opposed to his populism. Many officers, on the other hand, blame the Peronists and unionism for virtually all the ills Argentina has suffered for more than a generation.

The junta's policies to date have, if anything, added to the distrust that workers feel toward the military. Workers have been unable to keep up with the rising cost of living because wages are being strictly controlled while prices are not. Unemployment increased, although less than originally anticipated, in the face of declining demand. Incentives for business and agriculture have added to worker skepticism.

Efforts by the left to exploit worker frustration have been largely unsuccessful thus far, but the appeal of the left could be enhanced if labor came to view the junta as hopelessly antilabor.

The government's delay in implementing a definite policy may be contributing to its image of indecisiveness and inviting further challenge. Continued

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delay could embolden the President's conservative military critics who are pushing for a harsh line toward labor. At the same time, labor itself may take the junta's hesitation as an invitation to press its demands more strenuously.

New Labor Leaders

A new crop of labor leaders has supplanted those displaced by the coup. The newcomers are busy trying to establish themselves in the eyes of both the workers and the military. They are fully aware that they could play an influential role if the junta decides to bring labor back into the national decision-making process.

These leaders face a dilemma. They must earn the support of the rank and file, and perhaps the only way to do this is to produce some tangible gains for the unions. Even this would not assure success, however, because workers have become highly suspicious of union leaders, often regarding them as corrupt and unable or unwilling to deliver on their promises.

On the other hand, labor's current leaders cannot afford to become identified with too much worker activism lest the junta conclude they cannot keep the lid on disruptive activity.

Labor's success or failure in walking this fine line could tip the balance of military opinion for or against those who favor an accommodation with labor.

Declarations of the government's intent to "normalize" relations with labor have become more frequent in recent months but are couched in vague terms. Thus far, the junta has not altered the basic laws governing labor; it has merely set them aside temporarily. Until it decides either to reaffirm these laws or to scrap them for new ones, labor will remain in a state of political limbo that is frustrating for workers and therefore potentially dangerous for the junta.

Some Signs of Optimism

Top unionists express optimism that reform of the basic laws governing labor is in progress and that the final product will not drastically alter the union structure. The union bosses are betting that the military, in the final analysis, will conclude that any effort to break up the unions would irretrievably alienate workers and ultimately radicalize them. Labor leaders lose no opportunity to impress upon the military the belief that the unions are now relatively conservative and stand as a bulwark against communism and other leftist influence.

President Videla (c) with other generals at recent army celebration

Opinion within the Labor Ministry echoes this optimism. According to the US embassy in Buenos Aires, ministry officials generally believe the junta will eventually decide to retain the basic labor principles now in effect:

- Maintenance of a single labor central, the General Confederation of Workers.
- Adherence to the practice of having only one union in any industry.
- Prohibition of company unions.

The embassy reports, however, that it is widely assumed that there will be measures to limit labor's political role. The government, for example, may put strict controls on union funds, possibly assuming some of the social service functions long performed by the unions.

Videla knows as well as anyone else that organized labor, more than any other group, has the potential to undo much of what the junta is striving to accomplish. By being off the job, workers reduce badly needed productivity. Worse than that from the government's viewpoint, strikes could undermine the junta's authority in a way nothing else could. This in turn would stiffen the resolve of those officers who call for punitive action against unions. Videla wants at all costs to keep the nation from once again entering this vicious circle.

The President will probably opt for further token wage hikes, perhaps at shortened intervals, and gradual restoration of normal activity in some carefully selected unions. Not even the relatively liberal Videla, however, would countenance a return to the freewheeling ways that characterized labor before the coup.

Videla will probably be strengthened in his efforts by the recent creation of the Ministry of Planning, which will coordinate the policies of all the other ministries and increase Videla's authority over the government as a whole. The President will also benefit from naming the tough General Diaz Bessone to head the new ministry. Military conservatives, with one of their own in the cabinet, will not attempt to undermine Videla's efforts. [redacted] 3.5(c)

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